Cashing Out From the Climate Casino; Op-Ed Contributor

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Body

It's hard to be optimistic about climate action, not in a week when federal scientists reported that "the Arctic shows no sign of returning" to the "reliably frozen region of recent past decades." Not in a month when California's wildfires show every sign of burning straight through Christmas. And not in a moment when the federal government keeps scrubbing basic climate information from its websites.

But something big is starting to shift. After years of effort from activists, there are signs that the world's financial community is finally rousing itself in the fight against global warming. A foretaste came last month when Norway's sovereign wealth fund — the world's biggest — said that it is considering divestment from holdings in fossil fuel companies.

The Norwegians are far from the first to consider such a move (investors controlling more than $5 trillion in assets have committed to dropping all or some of their fossil fuels stocks) but they are the biggest. And since their fund had been built on the revenues from North Sea oil it was especially significant. It was as if they were preparing to cash in their chips from the hydrocarbon casino and heading out to look for a new game.

Then, in short order this week:

The European insurance giant Axa announced it would divest itself of more than $825 million in investments in oil production and pipelines in the tar sands of Canada for both ethical and business reasons. The planet could see temperature increases as high as four degrees Celsius (7.2 degrees Fahrenheit), noted Thomas Buberl, the company's chief executive, a development he called "not sustainable and therefore also not insurable." He added, "As the father of two children, I really want to do the most I can with the company I am leading" to slow the rate of planetary destruction.

Exxon Mobil threw in the towel and said it would begin performing assessments of how climate policy will affect its various ventures, after about 62 percent of its shareholders voted in May to demand such action. This capitulation to activist investors will make it ever harder to justify a business model of burning more carbon, and the idea is spreading: The governor of the Bank of England, Mark Carney, said this week that 237 companies with a market capitalization of more than $6 trillion, including 20 major global banks, were now backing climate-related disclosure schemes.

And most important, the World Bank on Tuesday said it would by 2019 end all financial support for oil and gas exploration (it had earlier made the same pledge about coal) because of the simple facts of a "rapidly changing world." "It's hard to overstate the significance" of the World Bank's decision, Stephen Kretzmann, a veteran campaigner with the group Oil Change International, told The Guardian, adding, "It is time for all of the institutions, countries, investors and individuals who are still in the Paris agreement to stop funding fossils."

Such a total ban won't happen all at once, of course. Western finance remains enmeshed with the fossil fuel industry — environmental groups are mounting a last-ditch effort this week, for instance, to persuade several big banks to stop financing the Keystone XL pipeline by reminding them that top climate scientists say that the pipeline represents a deep and direct threat to our climate future.

Banks tell themselves this is "business as usual," and indeed for a very long time lending to the gas and oil industry was normal and routine. But on a planet with a melted Arctic and a burning California, it's become the single most dangerous and reckless way to deploy money.

Sometimes it takes years of hard work for this kind of activism to pay off. Mr. Kretzmann and his colleagues at Oil Change International have been working on World Bank financing for a decade. Indigenous campaigners in Canada have been attacking the financial roots of the tar sands for at least as long. The nonstop divestment campaigning of recent years has built enormous political pressure for change. And according to one recent study, divestment announcements may have caused at least short-term damage to the share prices of fossil fuel companies.

That pressure will continue. Groups like Mazaska Talks are running large consumer campaigns trying to force banks to recognize their responsibility or face boycotts.

Divestment is becoming an increasingly important force in local politics: New York City's public advocate, Letitia James, last week called on the city's pension funds to divest from fossil fuels before more climate damage is done. City treasuries have begun to pull billions from banks like Wells Fargo that underwrite projects like the Dakota Access pipeline.

It's true that no environmental action is possible in Donald Trump's Washington. It's also true that congresses and parliaments are not the only halls of power. Finance, not politics, may turn out to be the soft underbelly of the climate monster.

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